

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

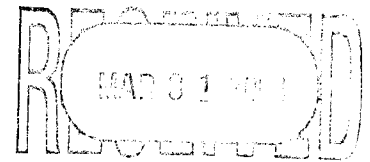
ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



E-01025A
Ajo Improvement Company
P. O. Drawer 9
Ajo AZ 853210000

ANNUAL REPORT

ARIZONA CORPORATION
COMMISSION



Director of Utilities

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

ANN 01	02
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*Entered
3-31-03
C.M.
2002
Assessment
ab updated
C.M.*

COMPANY INFORMATION

Company Name (Business Name) <u>Ajo Improvement Company</u>		
Mailing Address <u>Post Office Drawer 9</u>		
<u>(Street)</u>		
<u>Ajo</u>	<u>Arizona</u>	<u>85321</u>
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(520) 387-7151</u>	<u>(520) 387-7627</u>	
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
Email Address <u>rmsmith@phelpsdodge.com</u>		
Local Office Mailing Address <u>same as above</u>		
<u>(Street)</u>		
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>Local Office Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Fred J. Menzer</u> <u>Vice-President</u>			
<u>(Name)</u>		<u>(Title)</u>	
<u>One North Central Avenue</u>	<u>Phoenix</u>	<u>Arizona</u>	<u>85004</u>
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(602) 366-8100</u>	<u>(602) 366-7322</u>		
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>	
Email Address <u>fmenzer@phelpsdodge.com</u>			
On Site Manager: <u>Same as Above</u>			
<u>(Name)</u>			
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>	
Email Address _____			

Statutory Agent: CT Corporation

(Name)

3225 North Central Avenue
(Street)

Phoenix
(City)

AZ
(State)

85004
(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: S. David Colton

(Name)

One North Central Avenue
(Street)

Phoenix
(City)

AZ
(State)

85004
(Zip)

(602) 366-8143

(602) 366-7321

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

SERVICES AUTHORIZED TO PROVIDE

Check the following box/s for the services that you are authorized to provide:

☒ **Electric**

- ☐ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☒ Utility Distribution Company
- ☐ Electric Service Provider
- ☐ Transmission Service Provider
- ☒ Meter Service Provider
- ☒ Meter Reading Service Provider
- ☒ Billing and Collection
- ☐ Ancillary Services
- ☐ Generation Provider
- ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other** (Specify) _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residential access lines	N/A
Total business access lines	
Total revenue from Arizona operations	\$
Total income from Arizona operations	\$
Value of assets used to serve Arizona customers	\$
Accumulated depreciation associated with those assets	\$

STATISTICAL INFORMATION (CONT'D)

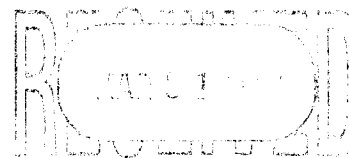
ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	1030	
Residential	853	
Commercial	123	
Industrial	53	
Public street and highway lighting		
Irrigation		
Resale	1	
Total kilowatt-hours sold	12,111,005	kWh
Residential	4,256,573	
Commercial	6,442,689	
Industrial	1,390,240	
Public street and highway lighting		
Irrigation		
Resale	21,503	
Maximum Peak Load	2.392	MW

GAS UTILITIES ONLY

Total number of customers	N/A	
Residential		
Commercial		
Industrial		
Irrigation		
Resale		
Total therms sold		therms
Residential		
Commercial		
Industrial		
Irrigation		
Resale		

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Fred J. Menzer</u>
COMPANY NAME <u>Ajo Improvement Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

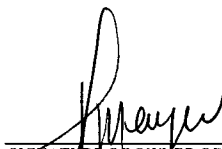
\$ 1,348,700

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 70,226

IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)



SIGNATURE OF OWNER OR OFFICIAL
602 366 8331

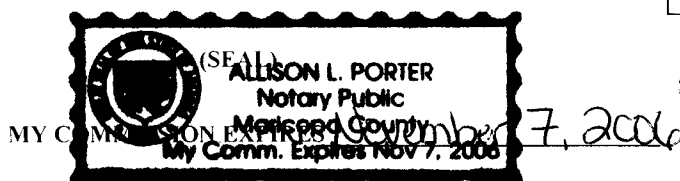
TELEPHONE NUMBER

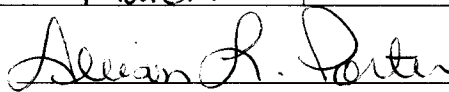
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th DAY OF

COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	<u>2003</u>

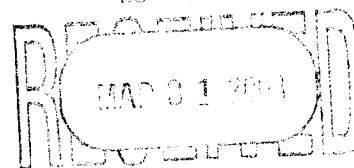




SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Fred J. Menzer	TITLE Vice-President
COMPANY NAME Ajo Improvement Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 546,710

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 28,992
IN SALES TAXES BILLED, OR COLLECTED

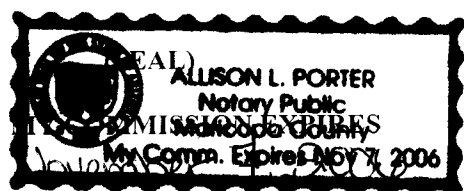
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26th DAY OF



NOTARY PUBLIC NAME Allison L. Porter	
COUNTY NAME Maricopa	
MONTH March	2003

SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2002) financial statements. If you do not compile these reports, the Utilities Division is supplying you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Docket No. _____

Year Ending: 12-31-02

Company Name: Ajo Improvement Company

Rules to follow in designing the Income Statement and the Balance Sheet:

A. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a statement of income for the reporting year similar in format to R14.2.103, Schedule (C) (1) or similar in format to R14.2.103 Schedule (E) (2). Also, the above-referenced Rule states that the income statement shall be Arizona-specific and reflect operating results in Arizona.

Unfortunately, the two Schedules referenced above are both designed for a rate case filing, and, as such, contain certain terminology, such as "test year", "actual (accounting data) for test year", "pro forma adjustments" and "test year results after pro forma adjustments", and contain references to two prior fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the two acceptable formats for the statement of income (the first based on Schedule (C) (1) and the second on Schedule (E) (2)):

**** THE INCOME STATEMENT SHOULD RESEMBLE EITHER FIGURE 1A OR FIGURE 1B, SHOWN BELOW. (IT'S NOT NECESSARY TO FILE BOTH.) EITHER USE FIGURE 1A OR FIGURE 1B, FOR YOUR INCOME STATEMENT FILING. THE INCOME STATEMENT SHALL BE ARIZONA-SPECIFIC, AND REFLECT OPERATING RESULTS IN ARIZONA: ****

FIGURE 1A

<u>Account Description</u>	<u>\$ Amount</u>
Revenues:	1,348,700
Expenses:	(1,459,400)
Operating Income:	(110,700)
Interest Expense	(10,400)
Net Income: / (Loss)	<u>(121,100)</u>

Docket No. _____

Year Ending: 12-31-02

Company Name: _____

FIGURE 1B

NOT USED

Account Description

\$ Amount

Revenues:

Operating Expenses:

Operating Income:

Other Income and Deductions:

Interest:

Net Income:

Preferred Dividends:

Earnings Available for Common Stock:

**Earnings Per Share of Average
Common Stock Outstanding:**

Docket No. _____

Year Ending: 12-31-02

Company Name: Ajo Improvement Company

B. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a balance sheet as of the end of the reporting year similar in format to R14.2.103, Schedule (E) (1). Also, the above-referenced Code section states that the balance sheet shall be Arizona-specific. Unfortunately, the Schedule referenced above is designed for a rate case filing, and, as such, contains certain terminology, such as "test year" and references to two prior Fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the acceptable format for the balance sheet:

C. ***** THE BALANCE SHEET SHOULD RESEMBLE FIGURE 2 SHOWN BELOW
AND SHALL BE ARIZONA-SPECIFIC: *****

FIGURE 2

Account Description

\$ Amount

ASSETS

Property, Plant & Equipment: 1,064,544

Current Assets: 1,764,129

Total Assets: 2,828,673

LIABILITIES AND STOCKHOLDERS' EQUITY

Capitalization: 1,255,274

Current Liabilities: 1,573,399

Total Liabilities and Stockholders' Equity: 2,828,673

*All Amounts Represent the 3 Departments: Electric Water and Sewer

AJO IMPROVEMENT COMPANY

P.O. DRAWER 9

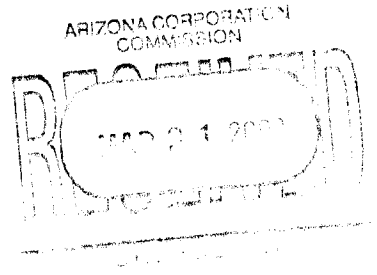
AJO, AZ 85321

Phone: (520) 387-7151

Fax: (520) 387-7454

March 31, 2003

The Arizona Corporation Commission
Utilities Division
1200 W. Washington St.
Phoenix, AZ 85007-2996



Ms. Carmine Madrid:

Enclosed is the 2002 Annual Report for the Electric Department that is due April 15, 2003. Please be advised that the annual reports for the Water and Sewer Departments will be mailed to you in a separate envelope.

Please do not hesitate to call if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. M. Smith".

Ron Smith
Staff Accountant

RMS
Enclosure